

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
MCI Telecommunications Corporation)
Petition for Rulemaking Regarding)
Billing and Collection Services Provided)
by Local Exchange Carriers for)
Non-Subscribed Interexchange Services)

RM-9108

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OPPOSITION OF AMERITECH

Ameritech¹ hereby opposes the petition of MCI requesting that the Commission initiate a rulemaking to impose a nondiscrimination requirement on local exchange carriers' ("LECs'") provision of billing and collection services for "non-subscribed" interexchange services.² While Ameritech has no current intention of discontinuing the provision of billing and collection services with respect to these types of calls or of imposing discriminatory conditions on its services in that regard, it must oppose the request.

MCI's petition is a blatant attempt to use the regulatory process to obtain non-bottleneck services on its own terms. MCI coyly claims that its request will

¹Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc..

² MCI defines these as collect services, calls charged to BOC joint use cards, third party-billed calls, 900 services, and 10XXX calls.

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not involve the re-regulation of LEC billing and collection services.³ Nonetheless, the restrictions MCI requests -- specifically nondiscrimination restrictions and limitation on LECs' ability to terminate service -- are effectively common carrier obligations. The Commission correctly concluded long ago that billing and collection is not a common carrier service, but rather a "financial and administrative service."⁴ Although the Commission retained ancillary jurisdiction under Title I of the Communications Act over LEC provision of billing and collection services, MCI's petition states no valid case for using that jurisdiction to impose common carrier obligations on a service that any other business would have to provide for itself or look to the marketplace to provide.

It must be remembered that the Commission's decision not to impose common carrier obligations of any sort on LEC billing and collection services was made at a time much closer to Divestiture when LEC provision of these services was arguably more critical to the development of alternative interexchange carriers ("IXCs"). That decision was reaffirmed in 1991 when the Commission denied a request of CNS and CompTel to mandate that LECs provide billing and collection services to IXCs and refused to impose any other sort of Title II

³ Petition at 14.

⁴ *In the Matter of Detariffing of Billing and Collection Services*, CC Docket No. 85-88, Report and Order, FCC 86-31 (released January 29, 1986) ("Detariffing Order"), 102 FCC 2d 1150 at ¶¶31-34.

regulation on those services.⁵ Moreover, with respect to the particular type of “non-subscribed services” mentioned in that request -- calls charged to LEC calling cards, third party-billed calls, and collect calls -- the Commission ultimately determined that the regulated provision of validation of information by LECs and provision of billed name and address (“BNA”) information adequately addresses any regulatory concern over the ability of IXC’s to utilize alternative billing sources.⁶

Thus, despite MCI’s new claim of “the dependence of non-subscribed services on LEC-provided billing and collection,”⁷ these issues are not new. And MCI has provided no valid reasons that would justify the Commission’s reconsidering its prior rulings. The development of alternative billing arrangements has always been a business option for MCI. MCI simply has chosen not to pursue that option. Curiously, at one point it even tries to blame the LECs for this decision:

Moreover, the continued availability -- up until now, that is -- of LEC-provided billing and collection, based on economies of scale and collection capabilities unavailable to any other potential provider, has ensured that no market for third-party billing and collection could develop.⁸

⁵ *In the Matter of Policies and Rules Concerning Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards*, CC Docket No. 91-115, NPRM, FCC 91-118 (released May 24, 1991) (“Validation NPRM”), 6 FCC Rcd 3506 at ¶24.

⁶ *In the Matter of Policies and Rules Concerning Local Exchange Carrier Validation and Billing information for Joint Use Calling Cards*, CC Docket No. 91-115, Report and Order, FCC 92-168 (released May 8, 1992) 7 FCC Rcd 3528.

⁷ Petition at 15.

⁸ Petition at 8.

Following this logic, MCI's proposed "temporary" restrictions would last forever.

As a practical matter, however, the non-subscribed services at issue do not need "protection." Rather, they are competitive services that MCI has chosen to offer because they are profitable. MCI's petition is simply a request for the Commission to help MCI "protect" its margin. LECs should not be forced to subsidize these margins by unnecessary regulatory constraints on non-common carrier, non-telecommunications services. In the final analysis, the cost and availability of billing and collection services is really a business issue -- not a regulatory issue of public policy proportions. As MCI notes, it could choose not to offer these non-subscribed services.⁹

In a fit of hyperbole, MCI claims that there are "universal service" and "network reliability benefits" provided by these services.¹⁰ The use of MCI's highly marketed collect calling service by low income customers could easily be accommodated by the use of prepaid calling cards that are available at virtually all check-out stands and gas stations. Moreover, the use of 10XXX calling to bypass a presubscribed interexchange carriers' downed network is not well-enough known to constitute a legitimate network reliability mechanism. Similarly, nowhere has the Commission intimated that other non-subscribed services such as 900 services

⁹ Petition at 11.

¹⁰ Petition at 2, 4.

should be “protected.” Finally, as noted above, the Commission has already addressed the issue of other operator-handled calls in the context of its call verification and BNA proceedings.

MCI disingenuously claims that submitting its own separate bill for these calls would cause customer confusion. While convenience may be an issue, confusion is not. MCI has long submitted a separate bill to its customers for a substantial portion of its services. Again, this is simply a business decision by the carrier as to the vehicle to use to bill for its services.

MCI argues further that BNA is too costly and that single-use restrictions make it impractical to use BNA on casual calls.¹¹ Ameritech would point out, in response, that its BNA tariff was fully cost-supported and that there are no restrictions precluding multiple use of BNA information for billing and collection purposes.

Further, MCI seems to complain that, if it were forced to bill for its own non-subscribed services, it would have to bear the bad debt cost and that there are “low collectibility margins” for non-subscribed services.¹² That, again, is simply a business issue for MCI to resolve. It would be extremely inappropriate for the Commission to require LECs to provide billing and collection because of “collectibility problems” or to otherwise require LECs to subsidize these services

¹¹ Petition at 8.

¹² Petition at 7.

by bearing any portion of the cost of uncollectibles attributable to them. If these services cause greater cost, then the providing carrier should either raise its rates or consider dropping those services.

Finally, MCI complains that LECs might cut off billing services in “an attempt to secure an unparalleled competitive advantage as these LECs enter interexchange markets.”¹³ However, Ameritech regards itself as bound by the nondiscrimination provisions of §272 of the Telecommunications Act of 1996 with respect to the billing and collection services that will be offered by the Ameritech Operating Companies to their §272 affiliate. In other words, the billing and collection services of the AOCs will be available to others on the same terms that are offered to Ameritech Communications, Inc.¹⁴ In that regard, it is important to note that the Telecommunications Act of 1996 imposes no other requirement on

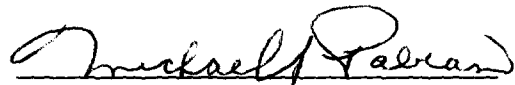
¹³ Petition at 2.

¹⁴ It should be noted that these terms, which Ameritech believes are appropriate for its affiliate that is a new market entrant, should hardly be regarded as more onerous for established market participants.

LEC provision of billing and collection services. The Commission should refuse to impose such additional requirements in the context of this proceeding.

In light of the foregoing, MCI's petition should be denied.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Pabian", with a horizontal line drawn underneath it.

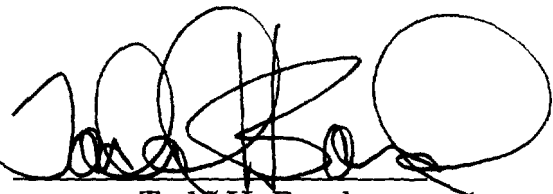
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CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Opposition of Ameritech has been served on the parties listed below, via first class mail, postage prepaid, on this 25th day of July, 1997.

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